

Flekkefjord Sparebank

Full Rating Report

LONG-TERM RATING

BBB+

OUTLOOK

Positive

SHORT-TERM RATING

N3

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RATING RATIONALE

Our 'BBB+' long-term issuer rating on Norway-based Flekkefjord Sparebank reflects the bank's strong earnings and capital position, and moderate risk appetite. We take a positive view of the bank's membership in the Lokalbanksamarbeidet banking cooperative, which enables product diversity, shared development costs and the opportunity to finance residential retail mortgage loans through jointly owned covered-bond company Verd Boligkreditt AS. The bank has a strong market position in its traditional core markets and faces less competition from similarly sized savings banks than its domestic peers. We expect Flekkefjord Sparebank to maintain strong earnings and sustain its cost efficiency below 50% over our forecast period through 2027. The positive implementation effect of the EU's Capital Requirements Regulation III (CRR3) in Apr. 2025 strengthens our view of capital, but is counterbalanced by the bank's intention to grow into the positive effect through an expansive growth strategy.

The rating is constrained by geographic concentration in the relatively rural local economy of south-west Norway and a high proportion of real-estate collateral in the bank's core markets. It is also constrained by the bank's strong growth prospects.

POSITIVE OUTLOOK

The outlook is positive, reflecting Flekkefjord Sparebank's strengthened resources and improved processes within risk governance, together with reduced lending growth projections ahead. It also reflects sustained earnings and favourable development in the proportion of non-performing loans over the past year. We believe the bank's strong earnings and solid capitalisation make it resilient to potential late-cycle loan losses over the next few years.

POTENTIAL POSITIVE RATING DRIVERS

- Commitment to reduced loan growth, improving risk appetite; and
- Improved asset quality metrics, with net Stage 3 loans as a share of net loans around 1% for a protracted period.
- Tier 1 ratio above 22% for a protracted period.

DRIVERS FOR A STABLE OUTLOOK

- Growth significantly outpacing capital generation.
- A deterioration in the local operating environment or negative development in the bank's asset quality.
- Increased competition leading to lower profitability and a weaker market position.

Figure 1. Key credit metrics, 2021–2027e

%	2021	2022	2023	2024	2025e	2026e	2027e
Net interest margin	1.4	1.9	2.3	2.3	2.0	2.0	1.9
Loan losses/net loans	0.04	0.27	0.10	0.15	0.13	0.11	0.10
Pre-provision income/REA	1.6	1.9	2.4	2.5	2.4	2.4	2.4
Cost-to-income	54.1	52.4	47.4	46.4	48.3	48.2	47.1
Return on average equity	5.9	6.1	8.9	9.1	8.1	7.9	8.4
Loan growth	6.9	5.8	16.1	11.8	20.0	10.6	10.6
CET1 ratio	21.8	19.1	17.6	18.5	19.8	19.0	18.3
Tier 1 ratio	22.1	19.5	20.0	20.8	22.1	21.1	20.2

Source: company and NCR. e—estimate. REA—risk exposure amount. CET1—common equity Tier 1. All metrics adjusted in line with NCR methodology.

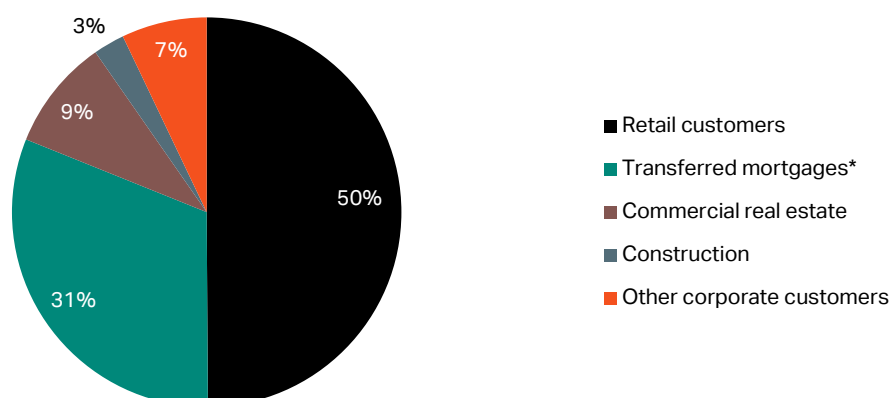
ISSUER PROFILE

Flekkefjord Sparebank is a mid-sized Norwegian savings bank operating on the south-west coast of Norway, between Stavanger and Kristiansand. The bank dates back to 1837, operating continuously under the same name. Today, the bank has NOK 14bn in net loans (including transferred loans) and about 75 employees. Its main office is located in Flekkefjord, with branch offices in Farsund, Lyngdal, Lindesnes, Egersund, and Kristiansand. Retail customers and SMEs account for its core customer base. The bank operates as an independent savings bank, with equity capital certificates (ECCs) traded on the Oslo Stock Exchange. The bank owns a one-third stake in a regional real-estate agency, Exbo Eiendomsmegling, and has co-located real-estate services to five of six branches. In 2025, the bank also acquired a 60% stake in a local accounting services firm.

Flekkefjord Sparebank is one of 16 savings banks in the Lokalbanksamarbeidet banking cooperative, which consist of small and medium-sized local savings banks with total gross lending of NOK 100bn as of end-2024. The alliance is the result of a recent merger of the Lokalbank and DSS alliances. The merged alliance provides product diversity, builds customer loyalty and helps to improve cost efficiency through the sharing of IT costs and joint efforts in risk management and compliance. It also provides the opportunity to finance residential mortgage loans through Verd Boligkreditt, a mid-size domestic issuer of covered bonds.

The member banks of Lokalbanksamarbeidet have also joined Frendegruppen, a cooperative alliance of financial services providers that includes the regional savings banks Sparebanken Norge and Sparebanken Øst. The banks in Frendegruppen have ownership stakes in and distribute products for insurance company Frende Forsikring, finance company Brage Finans AS and securities company Norne Securities. They also cooperate in developing new products for the member banks.

Figure 2. Gross loans by sector, including transferred loans, 30 Jun. 2025



Source: company. *net loans transferred to Verd Boligkreditt.

OPERATING ENVIRONMENT

Operating environment

We consider a balance of national and regional factors in our assessment of the bank's operating environment. Flekkefjord Sparebank operates in a broad region with unemployment levels similar to the national average, albeit with somewhat weaker-than-national-average possibilities for expansion. We believe the national economy is likely to remain weakened over the next few years due to reduced economic activity and the ongoing impact of high inflation. Still, we consider the Norwegian banking sector to be well positioned to offset higher credit risk with strong earnings and capital.

Norwegian savings banks resilient to slowing economic activity

National banking environment

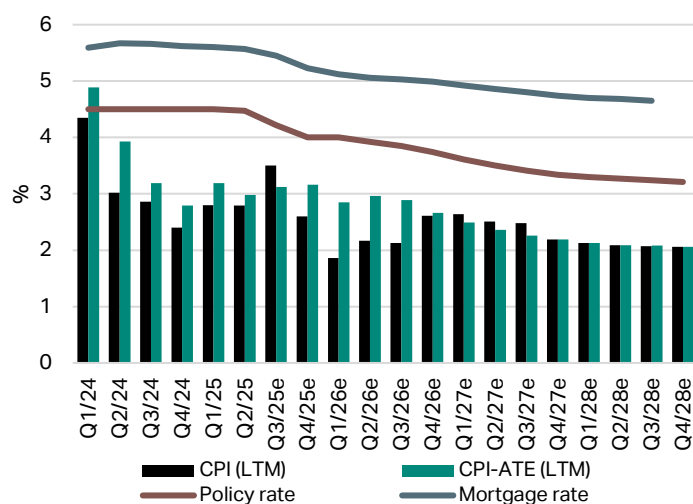
Net interest margins in the Norwegian banking sector have widened significantly since 2021, driven by higher interest rates. Along with strong lending growth, this has supported sector earnings. The central bank began a cautious normalisation of the policy rate, lowering it by 25bps to 4.25% in June 2025, followed by another 25bps cut to 4.00% in September. We do not anticipate further cuts in 2025, consistent with the central bank's latest guidance. While policy rates could gradually decline towards 3% through 2026–2027, this remains uncertain given persistently high inflation, changes in global trade and tariff policies and a resilient domestic economy. We expect that lower interest rates and

increased competition, amid subdued loan demand, will slow earnings growth and reduce returns on equity during our forecast period through 2027.

As intended, persistently high interest rates are helping to slow the economy. Mainland GDP growth has improved somewhat from a weak 2023–2024, but we expect it to remain modest for now. Unemployment has increased slightly but remains exceptionally low compared with most European countries. Low unemployment has likely contributed to strong wage growth in recent years. While this has supported consumption and loan demand, it also raises concerns about continued inflation.

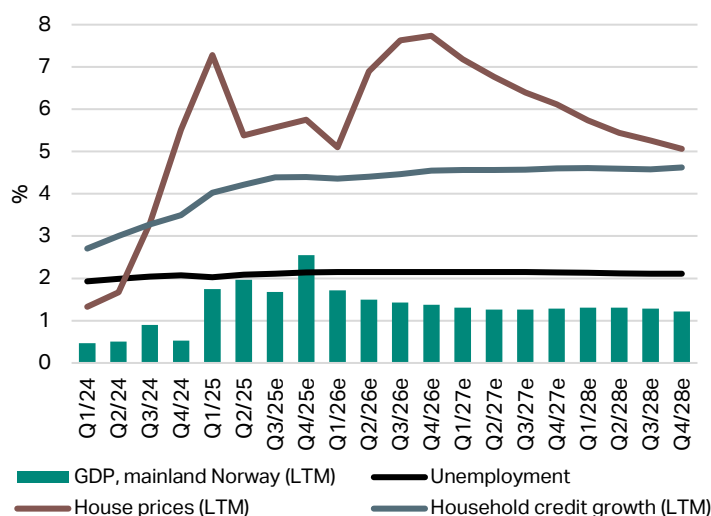
Nonetheless, Norwegian savings banks remain well capitalised, with the introduction of CRR3 enhancing competitiveness for those using the standardised approach, which includes most banks. Solid risk-adjusted earnings, despite somewhat lower interest margins, and stable or improved asset quality metrics should also support the banks' resilience in a prolonged weak economic environment.

Figure 3. Norwegian inflation and interest rates, 2024–2028e



Source: central bank. e-estimate. CPI-consumer price index. LTM-last 12 months. ATE-adjusted for tax changes and excluding energy products.

Figure 4. Norwegian economic indicators, 2024–2028e



Source: central bank. e-estimate.

Regional assessment

Semi-rural market on the south-western coast

Flekkefjord Sparebank's traditional core market is centred on the Lister region, in the western part of Agder county. This is roughly halfway between metropolitan areas of Kristiansand and Stavanger. Beyond its traditional core market, the bank's lending covers the wider area between Kristiansand and Stavanger, comprising the Lindesnes region in Agder county and the Dalane district in southern Rogaland county. Some 69,000 people live in the five municipalities in which the bank has offices (excluding the Kristiansand branch opened in 2025). The local population of these municipalities has increased by about 4% over the past decade, but growth is projected to level off to below 1% change towards 2050, with depopulation in some municipalities. This compares with the projected national average change of 9.1%. Regional unemployment remains low and has improved to levels slightly below the national average over the past year. The new branch in Kristiansand adds a larger market (about 118,000 people in the municipality) with strong growth prospects, although accounts for a minor share of lending.

Figure 5. Core markets

Municipality	Population, Q2 2025	Expected population change, 2025–2050 (%)	Unemployment, Sep. 2025 (%)	Unemployment, Sep. 2024 (%)
Flekkefjord	9,345	-2.9	1.5	2.3
Farsund	9,795	-2.0	1.5	2.1
Lyngdal	10,781	6.1	1.3	1.9
Lindesnes	23,725	3.7	1.9	2.5
Eigersund	15,490	-4.1	1.7	1.6
Kristiansand	118,412	17.9	2.1	2.0
Core markets	187,548	11.6	1.9	2.0
Norway	5,606,944	9.1	2.1	2.0

Source: Statistics Norway, Norwegian Labour and Welfare Administration.

The bank's region of operation has a less diverse employment base in comparison with that in larger metropolitan areas. The public sector is a major employer, particularly in the fields of human health and social work. Manufacturing, construction and retail are other key areas of employment, accounting for well above one-third of total employment. The bank's gradual expansion to new markets acts positively on our regional assessment as it reduces regional and sectoral concentrations, though the current volumes are still limited.

RISK APPETITE

Risk appetite assessment

Our assessment of Flekkefjord Sparebank's risk profile reflects the bank's good access to funding, strong capital, large proportion of residential mortgage lending, and its ability to transfer loans to Verd Boligkreditt. The bank has some regional concentrations in its core markets and a significant proportion of property lending. It also has strong growth prospects relative to other savings banks, which negatively affects our view of risk governance, capital generation, funding and credit risk.

Investments in personnel and risk governance

Risk governance

In our view, Flekkefjord Sparebank's risk governance framework, risk appetite, limit monitoring and risk reporting are in proportion to its balance sheet and risk profile. The bank has well-defined guidelines for risk governance and relevant risk areas. It has also established anti-money laundering practices and policies, reducing the risk of related regulatory fines and associated losses. The bank's internal risk reporting and capital adequacy assessment processes are proportional to its risk profile.

In recent years, Flekkefjord Sparebank has significantly increased its workforce, especially in risk governance, anti-money laundering, and environmental, social and governance (ESG) issues. The bank has also increased its focus on credit risk management. Nonetheless, we believe that the strong growth is a risk factor as it heightens pressure on risk governance resources. Positively, we believe that membership in Lokalbanksamarbeidet supports the bank's ability to handle increasing risk governance requirements.

Flekkefjord Sparebank assesses ESG risk for all corporate customers and carries out more comprehensive ESG analyses on its larger corporate exposures. We believe this contributes to good risk awareness at the bank and improves sustainable behaviour among its customers. The bank has established a green bond framework and has obtained certification from the Miljøfyrtårn/Eco-Lighthouse environmental certification scheme, which provides criteria and structures for products and solutions to minimise banks' environmental footprint. A substantial portion of the bank's mortgage portfolio is financed through Verd Boligkreditt, which has also established a framework for the issuance of green bonds.

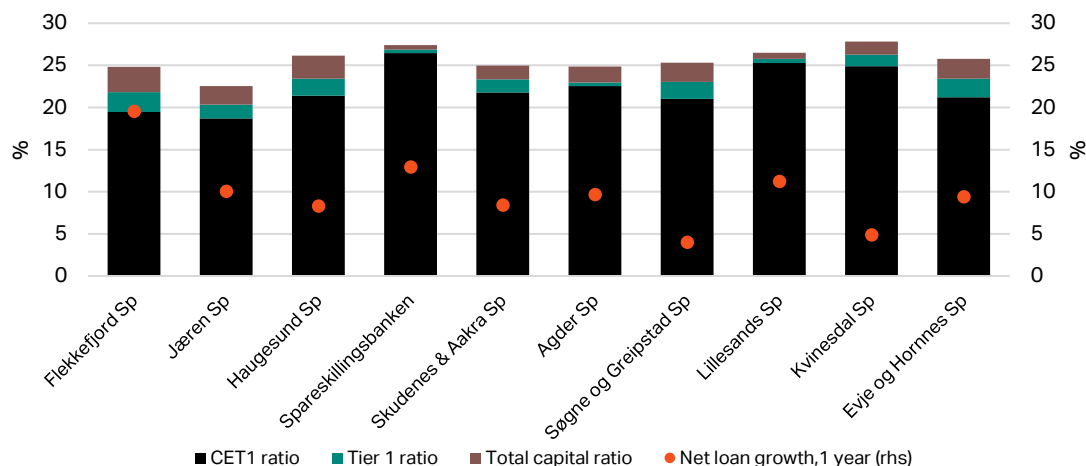
ECCs issued in 2024 and CRR3 boost in 2025

Capital

Our capital assessment takes into consideration Flekkefjord Sparebank's consolidated position, including its proportional holdings in Verd Boligkreditt and Brage Finans. As of 30 Jun. 2025, the bank's consolidated CET1 ratio was 19.5% and its Tier 1 ratio 21.8%. These levels compare with its respective minimum targets of 17.1% and 19.2% (including a 1.5pp management buffer). We note that the

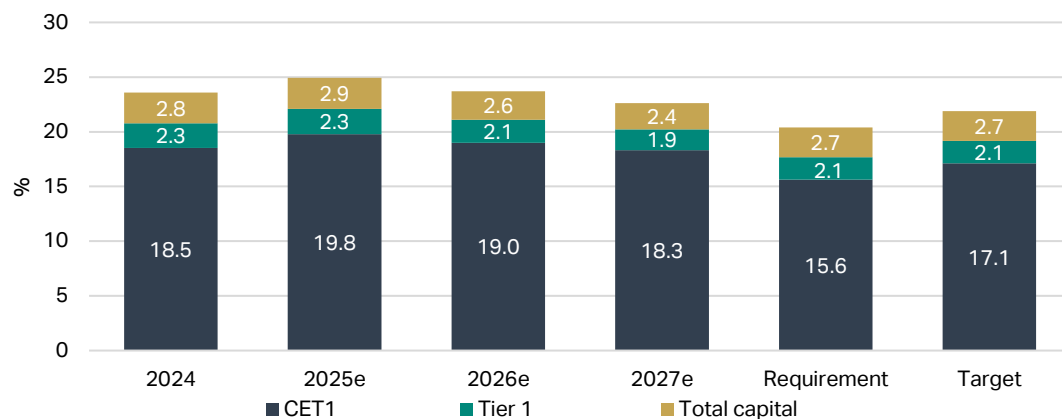
reported capital ratios would have been 0.4pp higher if 50% current year's profit had been included. The consolidated leverage ratio is at 8.1%, compared with a requirement of 3%.

Figure 6. Norwegian savings banks' capital ratios and loan growth, 30 Jun. 2025



Flekkefjord Sparebank has issued Additional Tier 1 and Tier 2 instruments, as well as Equity Capital Certificates (ECCs), in 2023-2024 to strengthen its capital base and support strong balance sheet growth, while maintaining solid capital adequacy ratios. We also note that the implementation of CRR3 in the second quarter of 2025 boosted capital ratios by about 3pp, though we anticipate that the additional improvement will be deployed for double-digit loan growth in our forecast. We forecast a return on equity of about 7% and 25% of net profit to be paid as dividends to ECC-holders and gifts. Our estimates suggest capital ratios to gradually decline over the next years and estimate a Tier 1 ratio of 20.2% in end-2027.

Figure 7. Consolidated capital ratios 2024–2027e, capital requirement and targets as of Q2 2025

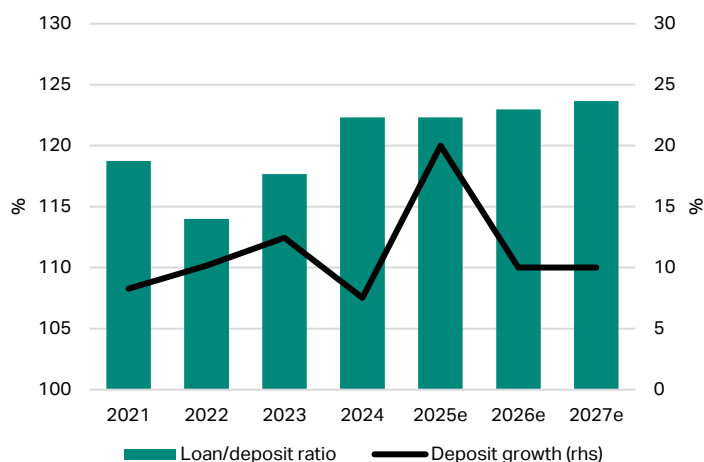


Verd Boligkreditt an important funding source

Flekkefjord Sparebank's funding profile is diverse, with a relatively solid retail deposit base. The bank has also demonstrated access to capital market funding. In the 12 months to 30 Jun. 2025, deposit growth has been strong at 18% and close to the 20% growth in on-balance-sheet growth in net loans. We project deposit growth to remain largely in line with loan growth in our forecast, maintaining a loan-to-deposit ratio of some 120% through 2027. The bank has few single-name concentrations in its customer deposits and strong liquidity buffers (22% of customer deposits as of 30 Jun. 2025). As of 30 Jun. 2025, the liquidity coverage ratio was 174% and the net stable funding ratio 141%, well above the bank's internal limits of 110% for both.

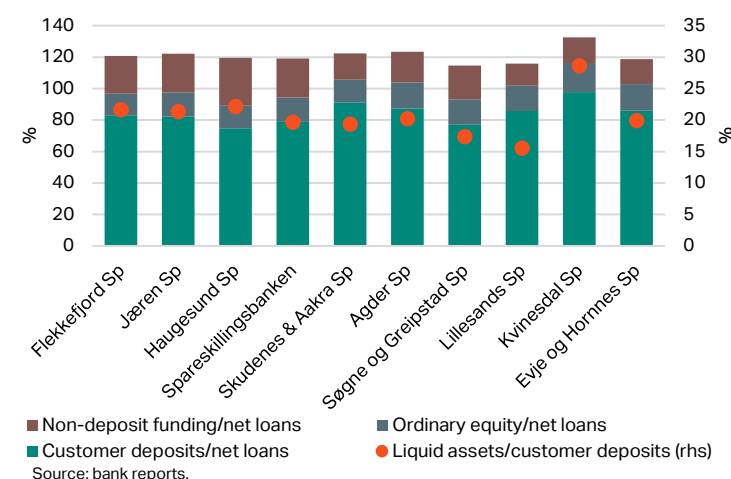
As of 30 Jun. 2025, the bank had 2.4bn in seven outstanding senior bonds, of which NOK 1.4bn have been issued under its green bond framework. The maturity profile extends through 2030 with an average time to maturity of 2.2 years. In our forecast, we expect the bank to increase its bond funding to about NOK 3.2bn by 2027 to finance loan growth.

Figure 8. Deposit metrics, 2021-2027e



Source: company, e-estimate.

Figure 9. Norwegian savings banks' funding, 30 Jun. 2025



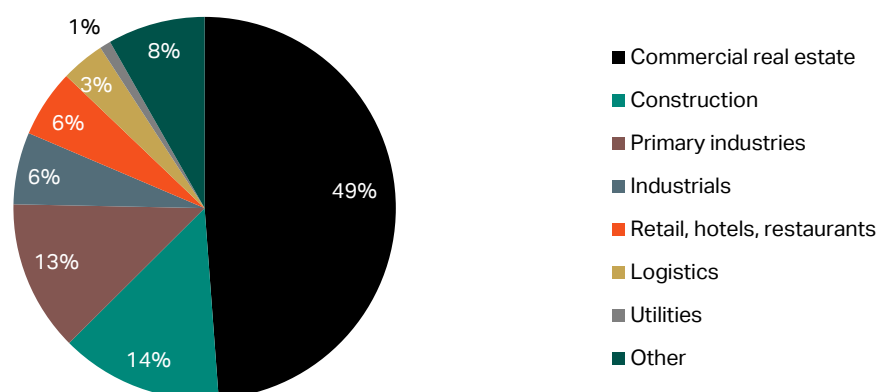
Source: bank reports.

Verd Boligkreditt is a stable and important source of funding for Flekkefjord Sparebank. It provides access to more affordable funding for retail mortgages, with access to green financing and longer terms to maturity, than the bank could source by itself. In the 12 months to 30 Jun. 2025, the bank increased its loans transferred to Verd Boligkreditt by 35% to NOK 4.4bn, accounting for 41% of residential mortgage lending on- and off-balance-sheet. We expect the bank to continue to transfer a high proportion of its residential mortgage loans to Verd Boligkreditt. In addition, the bank maintains a strong portfolio of readily transferrable loans as a liquidity buffer. This stood at about NOK 1.6bn as of 30 Jun. 2025.

Credit risk characterised by regional concentrations

Flekkefjord Sparebank's loan portfolio has a strong regional focus, with about 80% of total lending, including transferred loans, located in its primary market. The bank does not promote lending to borrowers in other regions and customers outside its core markets are mostly domestic migrants. 84% of the bank's exposures (including transferred loans) are to private and agricultural customers and secured by housing and agricultural properties. While we regard this as low-risk credit, it nonetheless increases concentration on local borrowers and exposes the bank's collateral to any decline in property values. Housing prices and price volatility in the bank's operating region are lower than in metropolitan areas, resulting in lower debt burdens for the bank's customers and a relatively low impact from interest rate increases in recent years. Housing price growth over the past decade has strengthened the bank's collateral.

Figure 10. Corporate gross loans by sector, 30 Jun. 2025



Source: company.

In the 12 months to 30 Jun. 2025, Flekkefjord Sparebank had gross loan growth of 15% for residential customers on- and off-balance sheet and 17% for corporate customers. This compares to national average levels of about 4% and 2%, respectively. Our forecast envisages about NOK 19bn lending volumes in end-2027, including transferred loans, and slightly higher growth among corporate

customers, resulting in a corporate share of 20% in 2027. Flekkefjord Sparebank's main corporate exposure is to commercial real estate, followed by construction. In the 12 months to 30 Jun. 2025, the bank saw loans to these industries grow by 27% and 15%, respectively. We remain concerned about commercial real-estate lending, due to high interest costs and weak property market.

Figure 11. Growth projections by segment, 2024-2027e

Growth (%)	2024	2025e	2026e	2027e
Retail customers	7.4	20.0	10.0	10.0
Corporate customers	23.5	20.0	12.0	12.0
Transfers to Verd Boligkreditt	29.7	4.0	11.0	11.0

Source: company and NCR. e-estimate.

Transferred loans generate commission income and accounted for 8% of Flekkefjord Sparebank's pre-provision income in 2024. However, the bank does not offload the associated risk on transferred loans, and we expect it to take back all non-performing loans to enable Verd Boligkreditt to maintain a clean cover pool. The covered bond company maintains the right to offset credit losses against commission income due to the bank. Due to the high credit quality of transferred loans and repatriation agreements, the mortgage company have never incurred actual credit losses.

We do not consider market risk to be material for Flekkefjord Sparebank given the lack of a trading portfolio and its low limits on interest rate risk and currency risk.

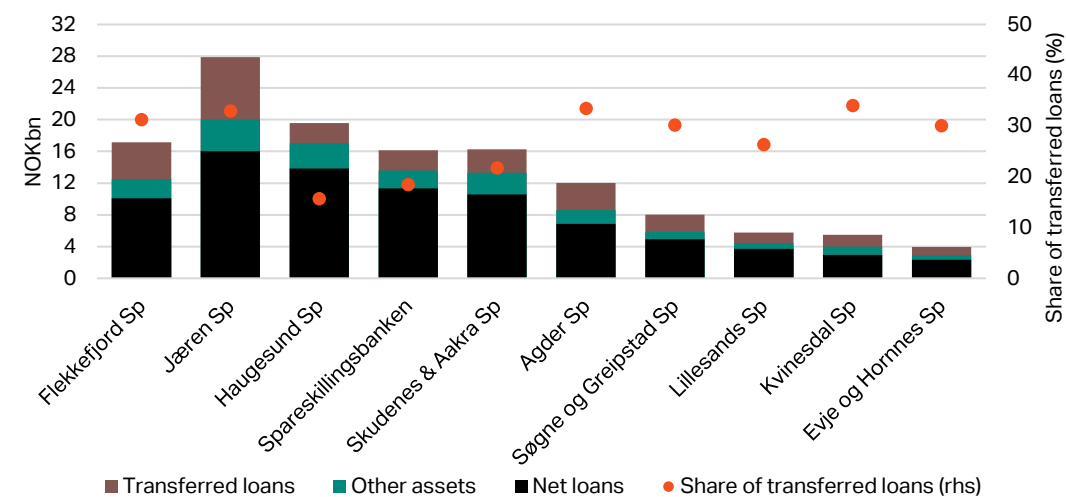
COMPETITIVE POSITION

Competitive position

Flekkefjord Sparebank has a market share about 50% in its traditional core market of Flekkefjord. In the broader operating region, the bank has a lower market share around 20%. Relative to similar savings banks in Norway, the bank faces less competition from other mid-size savings banks in its core markets. However, further geographic expansion along the coast is leading to greater competition near metropolitan areas. This includes Kristiansand in the east, where Flekkefjord Sparebank established a branch in 2025, and Stavanger in the west. Moreover, the bank faces greater competition from larger savings banks, of which Sparebanken Norge and SpareBank 1 Sør-Norge are the most active.

Membership in Lokalbanksamarbeidet diversifies revenues and enables Flekkefjord Sparebank to provide a wider range of customer services than it could with its own resources. The bank distributes insurance products from Frende Forsikring, savings products and brokerage services from Norne Securities, and collateralised consumer lending and leasing products from Brage Finans. Membership of the larger Frendegruppen alliance will, we believe, strengthen Flekkefjord Sparebank's long-term competitive position through improved economies of scale and efficiency gains. We also believe Flekkefjord Sparebank's investments in services of real-estate agency and accountancy strengthens customer loyalty, enable cross-selling potential and diversify revenue streams.

Figure 12. Norwegian savings banks' total assets and net lending, 30 Jun. 2025



Source: bank reports.

We regard Flekkefjord Sparebank's local presence and contributions to its core markets as a positive rating factor. The bank's primary environmental, social and governance (ESG) attribute is its strong sense of social responsibility to its local communities. The bank also funds social and cultural activities to support these communities.

PERFORMANCE INDICATORS

Performance indicators

Flekkefjord Sparebank has strong net interest margins, but only modest cost efficiency compared with its peer group average. Positively, we expect cost efficiency to improve in our forecast after personnel investments and the opening of three additional branches in recent years. The bank has booked higher-than-average loan losses for the past 12 months, though the bank's proportion of net Stage 3 loans is about average among its domestic peers.

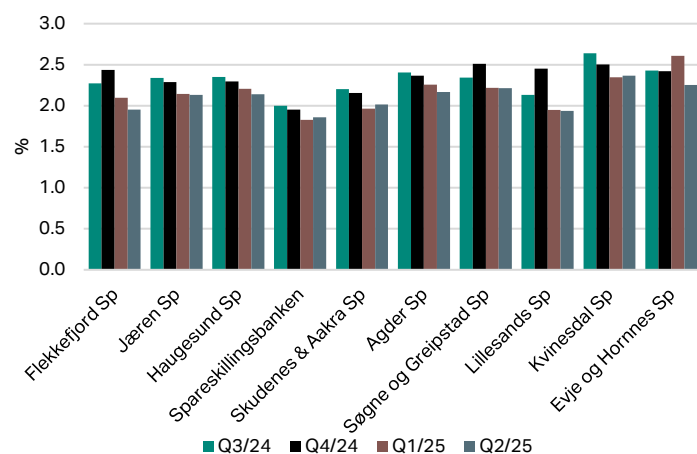
Positioned for earnings growth

Earnings

Improved net interest margins due to high interest rates have, together with strong loan growth, led to increased profitability in recent years. However, we expect increased competition and lower interest rates to affect margins negatively from 2025 onwards. An increasing proportion of corporate customers in the loan book should relieve some of the pressure on margins.

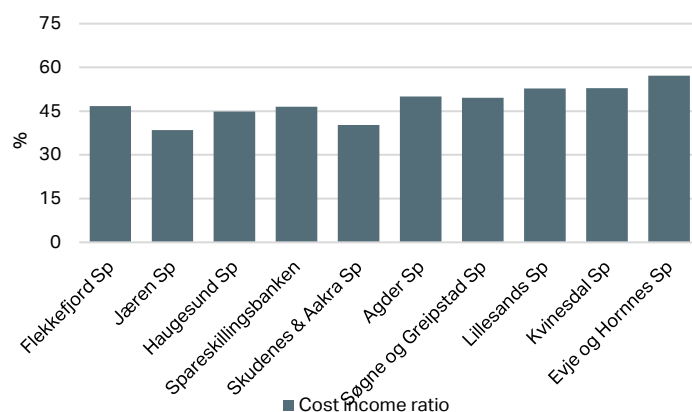
Flekkefjord Sparebank's cost efficiency has remained strong in recent years, despite the opening of three new branches since 2022 and significant personnel investments in relation to growth. In the 12 months to 30 Jun. 2025, the cost-to-income ratio was 46.8%, slightly below the peer group average of 48.0%. Current staffing resources should be sufficient for the next few years, and we expect its cost-efficiency to remain below 50% through 2027. We also expect risk-adjusted pre-provision income (PPI) to REA at 2.4% through 2027.

Figure 13. Norwegian savings banks' annualised net interest margins, Q3 2024 – Q2 2025



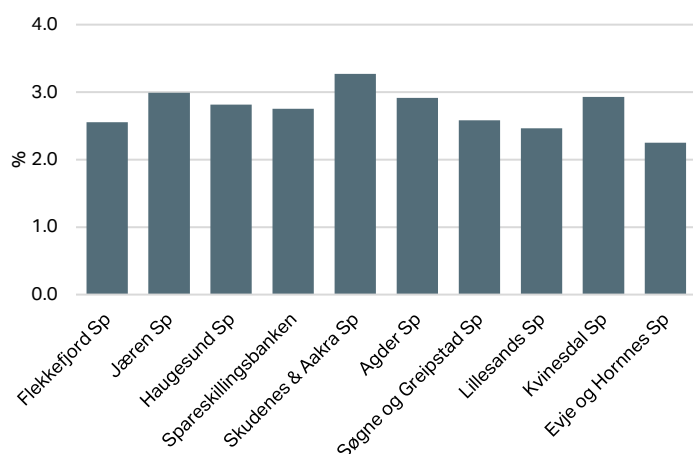
Source: bank reports.

Figure 14. Norwegian savings banks' cost efficiency metrics, LTM to 30 Jun. 2025



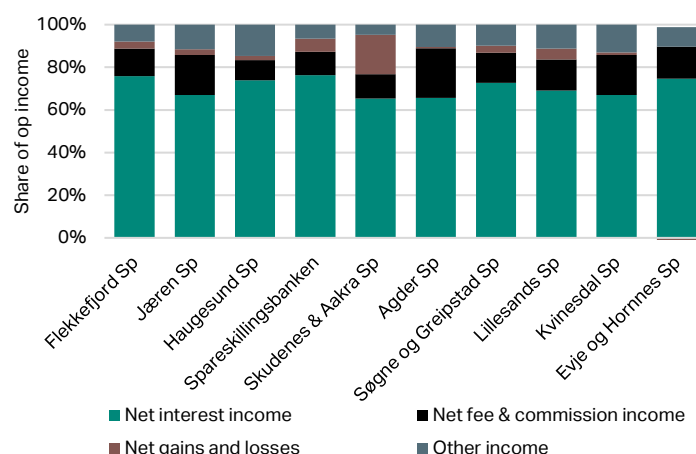
Source: bank reports. LTM-last twelve months. Core represents net interest income and net fee & commission income.

Figure 15. Norwegian savings banks' PPI to REA, LTM to 30 Jun. 2025



Source: bank reports. PPI-pre-provision income. REA-risk exposure amount.

Figure 16. Norwegian savings banks' split between income groups, LTM to 30 Jun. 2025



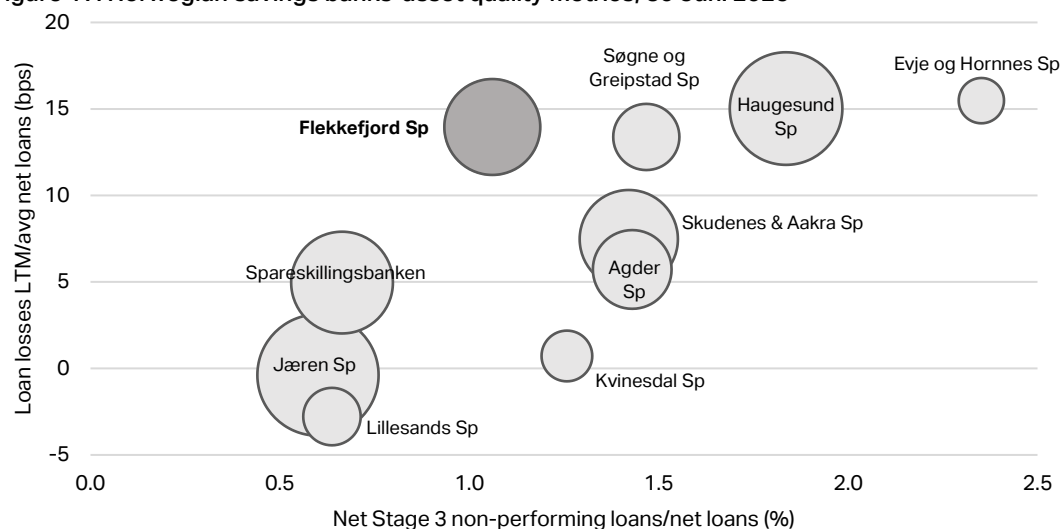
Source: bank reports.

Loan losses expected to remain low

Loss performance

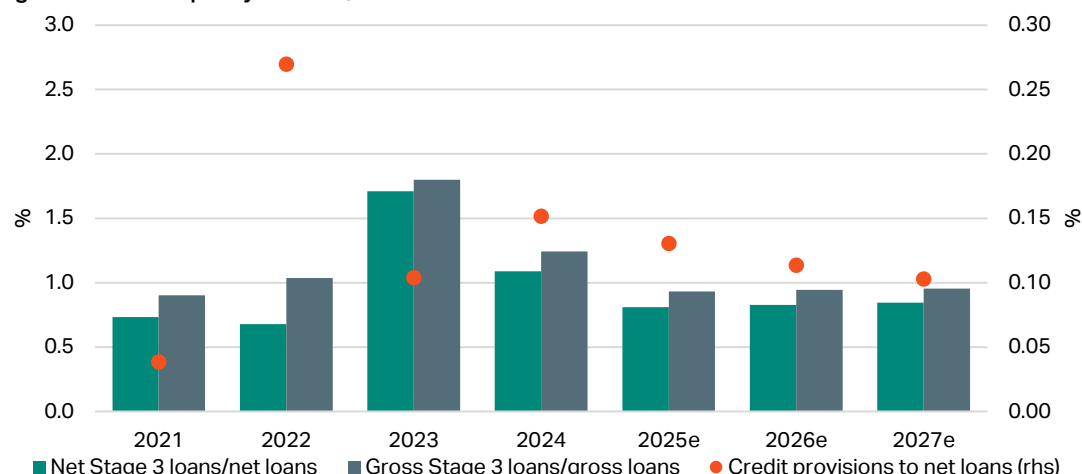
Flekkefjord Sparebank's credit losses for have averaged a moderate 10bps of net lending in the past 10 years. We project slightly elevated loan losses of 10-13bps in 2025–2027. The bank's net Stage 3 loans are just below average relative to its domestic peers at 1.1%. We anticipate that the proportion of net Stage 3 lending will decrease toward end-2025, and believe asset quality will be supported by lower interest rates over the coming years. Our forecast envisages the proportion of net Stage 3 to remain well below 1%.

Figure 17. Norwegian savings banks' asset quality metrics, 30 Jun. 2025



Source: bank reports. Bubble sizes reflect net loan volumes.

Figure 18. Asset quality metrics, 2021–2027e



Source: company, e-estimate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

ESG factors are considered throughout our analysis, where material to the credit assessment.

Figure 19. Priority ESG factors

Issue/area	Risk/opportunity	Impacted subsections (impact on credit assessment*)
Physical climate risk to collateral	Climate-related damage to real-estate collateral (closely linked to supervision of insurance). Longer-term effects on market values in flood risk areas.	Credit risk (-) Loss performance (0)
Social engagement in local community	Close connection to narrow regional markets provides a benefit.	Competitive position (+) Earnings (+) Funding & liquidity (+)
Sustainable/green-bond framework	Diversity of funding sources, access to additional markets/investors.	Funding & liquidity (+)
Anti-money laundering capacity	Risk of sanctions and fraud due to insufficient reviews of customers.	Risk governance (0)
Control of sustainability issues	Risk of overlooking sustainability impacts in the bank's underwriting, operations, and customer base.	Risk governance (0) Credit risk (0)

*Defined on a 5-step scale ranging from double minus (--) to double plus (++), with (--) representing the most negative impact and (++) the most positive. See [ESG factors in financial institution ratings](#).

SUPPORT ANALYSIS

Ownership

Our support analysis is neutral. Flekkefjord Sparebank issued its first ECCs in May 2024. These are listed on the Oslo Stock Exchange and account for 12.5% of ownership. The remaining majority is self-owned. The ECCs are widely held, and the largest single ECC owner, neighbouring savings bank Spareskillingsbanken, controls less than 4% of the certificates. The bank has access to the equity market through issuance of additional ECCs, if needed.

Figure 20. Ownership structure, 30 Jun. 2025

Owner	Share of ECCs (%)
Spareskillingsbanken	3.5
Kommunale Landspensjonskasse Gjensidige	3.5
Kilsholmen AS	3.2
VPF Eika Egenkapitalbevis	1.6
Haslelund Holding AS	1.6
Other	86.6
Total	100.0

Source: company.

ISSUE RATINGS

Our rating on Flekkefjord Sparebank's unsecured senior debt is in line with the 'BBB+' long-term issuer rating. The bank has an outstanding Tier 2 instrument and an additional Tier 1 instrument, which we rate one and three notches below the issuer rating, respectively. Consequently, the Tier 2 instrument is rated 'BBB', while the additional Tier 1 instrument is rated 'BB+'.

SHORT-TERM RATING

The 'N3' short-term rating is the lower of two alternatives given the 'BBB+' long-term issuer rating, despite direct access to emergency liquidity assistance from the central bank. This reflects our assessment that the bank's liquidity is not sufficiently strong for the higher alternative on the basis of an average liquidity coverage ratio of 189% over the past four quarters.

METHODOLOGIES USED

- (i) [Financial Institutions Rating Methodology](#), 12 May 2025.
- (ii) [Rating Principles](#), 14 Feb. 2024.
- (iii) [Group and Government Support Rating Methodology](#), 14 Feb. 2024.

RELEVANT RESEARCH

- (i) [Nordic niche banks: building a foundation for growth](#), 4 Sep. 2025
- (ii) [Swedish savings banks steadfast amid increasing headwinds](#), 6 May 2025.
- (iii) [Lower interest margin will lead to a drop in profitability for Norwegian savings banks](#), 20 Jan. 2025.
- (iv) [NCR Comments: Norway moves to adopt new standardised approach to capital requirements](#), 6 Dec. 2024.
- (v) [Norwegian savings banks' capitalization boosted by CRR3](#), 26 Jun. 2024.

Figure 21. Flekkefjord Sparebank key financial data, 2021–Q2 2025 YTD

Key credit metrics (%)	FY 2021	FY 2022	FY 2023	FY 2024	Q2 2025 YTD
INCOME COMPOSITION					
Net interest income to op. revenue	70.6	79.0	80.7	76.3	75.8
Net fee income to op. revenue	9.6	9.4	9.9	10.8	13.0
Net gains and losses/operating revenue	10.8	4.9	4.0	8.6	3.2
Net other income to op. revenue	9.0	6.8	5.5	4.3	7.9
EARNINGS					
Net interest income to financial assets	1.4	1.9	2.3	2.3	2.0
Net interest income to net loans	1.6	2.3	2.8	2.8	2.5
Pre-provision income to REA	1.9	2.3	3.1	3.2	2.8
Core pre-provision income to REA (NII & NF&C)	1.1	1.8	2.5	2.4	2.2
Return on ordinary equity	5.9	6.1	9.4	9.9	8.5
Return on assets	0.8	0.8	1.1	1.2	1.0
Cost-to-income ratio	54.1	52.4	47.4	46.4	49.0
Core cost-to-income ratio (NII & NF&C)	67.5	59.3	52.4	53.2	55.1
CAPITAL					
CET1 ratio	24.3	21.5	20.0	21.8	22.6
Tier 1 ratio	24.3	21.5	22.6	24.0	24.6
Capital ratio	24.3	21.5	25.7	26.7	27.2
REA to assets	48.4	48.5	48.8	50.5	46.9
Dividend payout ratio					
Leverage ratio	11.6	10.6	10.9	12.0	11.3
Consolidated CET1 ratio	21.8	19.1	17.6	18.5	19.4
Consolidated Tier 1 ratio	22.1	19.5	20.0	20.8	21.8
Consolidated Capital ratio	22.3	20.3	22.9	23.6	24.8
Consolidated Leverage ratio	10.2	8.6	8.7	9.2	8.1
GROWTH					
Asset growth	8.8	9.3	14.9	11.9	15.0
Loan growth	6.9	5.8	16.1	11.8	13.6
Deposit growth	8.3	10.2	12.4	7.5	14.9
LOSS PERFORMANCE					
Credit provisions to net loans	0.04	0.27	0.10	0.15	0.14
Stage 3 coverage ratio	18.97	34.82	5.09	12.58	10.98
Stage 3 loans to gross loans	0.90	1.04	1.80	1.24	1.19
Net stage 3 loans to net loans	0.73	0.68	1.71	1.09	1.06
Net stage 3 loans/ordinary equity	4.84	4.49	12.12	7.07	7.54
FUNDING & LIQUIDITY					
Loan to deposit ratio	118.8	114.0	117.7	122.3	121.0
Liquid assets to deposit ratio	22.6	25.3	24.4	25.6	27.1
Net stable funding ratio	153.0	146.0	141.0	144.0	141.4
Liquidity coverage ratio	199.0	209.0	194.0	205.0	174.3

Key financials (NOKm)	FY 2021	FY 2022	FY 2023	FY 2024	Q2 2025 YTD
BALANCE SHEET					
Total assets	7,755	8,475	9,736	10,896	12,526
Total tangible assets	7,750	8,468	9,730	10,889	12,516
Total financial assets	7,712	8,376	9,606	10,754	12,365
Net loans and advances to customers	6,480	6,853	7,954	8,891	10,102
Total securities	890	981	1,132	1,284	1,436
Customer deposits	5,457	6,011	6,760	7,269	8,352
Issued securities	1,276	1,380	1,662	2,066	2,569
of which other senior debt	1,276	1,380	1,511	1,915	2,417
of which subordinated debt	–	–	151	151	151
Total equity	980	1,034	1,244	1,490	1,536
of which ordinary equity	980	1,034	1,123	1,370	1,421
CAPITAL					
Common equity tier 1	911	884	953	1,197	1,326
Tier 1	911	884	1,073	1,317	1,446
Total capital	911	884	1,223	1,467	1,596
REA	3,754	4,112	4,755	5,497	5,877
INCOME STATEMENT					
Operating revenues	146	193	259	306	154
Pre-provision operating profit	67	92	136	164	79
Impairments	2	18	8	13	7
Net Income	56	61	102	124	59

Source: company. FY–full year. YTD–year to date.

Figure 22. Flekkefjord Sparebank rating scorecard

Subfactors	Impact	Score
National banking environment	5.0%	a
Sector exposure assessment	-	-
Regional assessment	15.0%	bbb
Cross border assessment	-	-
National factors	-	-
Regional, cross border, sector	-	-
Operating environment	20.0%	bbb+
Risk governance	7.5%	bbb+
Capital	17.5%	a
Funding and liquidity	15.0%	a-
Credit and market risk	10.0%	bbb
Credit risk	-	-
Market risk	-	-
Other risks	-	-
Risk appetite	50.0%	a-
Competitive position	15.0%	bbb
Earnings	7.5%	a
Loss performance	7.5%	a-
Performance indicators	15.0%	a-
Indicative credit assessment		bbb+
Peer comparison		Neutral
Transitions		Neutral
Borderline assessments		Neutral
Stand-alone credit assessment		bbb+
Ownership		Neutral
Capital structure protection		Neutral
Rating caps		Neutral
Material credit enhancement		-
Issuer rating		BBB+
Outlook		Positive
Short-term rating		N3

Figure 23. Capital structure ratings

Seniority	Rating
Senior unsecured	BBB+
Tier 2	BBB
Additional Tier 1	BB+

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